



The 13th Malaysia-Indonesia International Conference on Economics Management and Accounting (MIICEMA) 2012

“ASIA EMERGING ECONOMY TOWARD GLOBAL ECONOMIC INTEGRATION”

Organized by

Faculty of Economics
Sriwijaya University

Palembang, October 18-20, 2012

Co Organizer:



UKM



IPB



UNSYIAH



UNPAD



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UMS

THURSDAY, 18th OCTOBER 2012

TIME: 13.00-14.30

| Room 1 | | | | |
|---------------------|--|--|------------------------------------|-----------|
| Finance | | | | |
| Moderator: | | | | |
| MIICEMA UnSri-1 | TESTING THE VALIDITY OF CAPITAL ASSET PRICING MODEL (CAPM) AND ARBITRAGE PRICING THEORY (APT) IN PREDICTING THE RETURN OF STOCKS IN AN EMERGING MARKET: Evidence from Indonesia Stock Exchange (IDX) 2008-2010. | Shintabelle Restiyanita M. & Zainul Kisman | STEKPI | Indonesia |
| MIICEMA UnSri-15 | Early Aftermarket mispricing of Initial Public Offering Across Market Condition: Malaysian Evidence | Cheedradevi Narayanasamy | UKM | Malaysia |
| MIICEMA UnSri-16 | THE ROLE OF CASH WAQF IN PROVIDING CAPITAL FOR SUSTAINABLE DEVELOPMENT | Magda Ismail Abdel Mohsin | INCEIF | Malaysia |
| MIICEMA UnSri-18 | THE EFFECT OF CHANGES IN WORLD OIL PRICES, FOREIGN STOCK INDEX AND FACTORS OF MONETARY TOWARD MOVEMENT JCI, PERIOD 2005-2011 | Darmawan Achmad, Ishak Ramli | Tarumanagara University | Indonesia |
| MIICEMA UnSri-19 | The Effect of Microfinance on Entrepreneurial Quality and Small Business Growth: A Conceptual Model | Syamsuriana Sidek, M. Mohd Rosli | Universiti Malaysia Kelantan | Malaysia |

| Room 2 | | | | |
|---------------------|--|--|---------------------------------------|-----------|
| Finance | | | | |
| MIICEMA UnSri-72 | DIVERSIFICATION, PERFORMANCE , AND FIRM VALUE | nikmah, fitrawati ilyas; mike ayuningtiyas | Bengkulu University | Indonesia |
| MIICEMA UnSri-73 | The Long Run Performance of IPOs and SEOs Listed on Bursa Malaysia | Zarina Mohd Zaki | Universiti Kebangsaan Malaysia | Malaysia |
| MIICEMA UnSri-83 | Is the January effect alive in IPO market? | Chan Siew Llan | Graduate School of Business UKM | Malaysia |

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|---------------------|--|-----------------------------------|--|----------|
| MIICEMA UnSri-84 | STOCK MARKET OVERREACTION AND GENERAL ELECTION EFFECT IN MALAYSIA | Chong Sok Fong, Rafidah Othman | Graduate School of Business, UKM | Malaysia |
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| Room 3 | | | | |
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| Finance | | | | |
| Moderator | | | | |
| MIICEMA UnSri-184 | STOCK MARKET AND THE INSTABILITY OF ECONOMY | Hendri tanjung | Universitas Ibnu Khaldun Bogor | Indonesia |
| MIICEMA UnSri-189 | Firm Performance in the Craft Industry: Mediating Role of Entrepreneur's Competencies | M. Mohd Rosli, Mohd Rafi Yaacob and Rosman Mahmood | Universiti Malaysia Kelantan, Universiti Teknologi Mara | Malaysia |
| MIICEMA UnSri-195 | Valuing Banks | Dr Jagdish Joshi | Som Lalit Institute Of Management | India |
| MIICEMA UnSri-200 | 'Validity' Issues in Qualitative Research in Social Sciences: View from Two Angles, Have a Better Look | Ashfaq Ahmad Khan | University of New England | Australia |
| MIICEMA UnSri-301 | The Effect of Iran Oil Sanction on The European Stock Market | Hanieh Sharif, Ruzita Abd Rahim | UKM, Malaysia | Malaysia |

| Room 4 | | | | |
|----------------------|--|---|---|---------------------|
| Economics | | | | |
| MIICEMA UnSri-55 | Fiscal Policy, External Shocks, and Macroeconomic Fluctuations: A SVAR Modeling of Indonesia | Putri Bintusy Syathi, Zulkefly Abdul Karim ; Dr Mohd Azlan Shah Bin Zaidi; Prof Madya Dr Noor Aini Khalifah | UKM and UNSYIAH | Malaysia, Indonesia |
| MIICEMA UnSri-60 | DOES THE LOCAL ECONOMIC GOVERNANCE IN INDONESIA PERFORM AN IMPROVEMENT? | Haryo Kuncoro | State University of Jakarta | Indonesia |
| MIICEMA UnSri-137 | MONEY DEMAND IN MALAYSIA: PRE- AND POST-CRISES ANALYSIS | Uma Devi Vadiveloo and Zarinah Yusof | University Malaya | Malaysia |
| MIICEMA UnSri-145 | ECONOMIC STUDY ON THE PARTICIPANTS HOUSEHOLD OF NON REVITALISATION RUBBER DEVELOPMENT PROGRAM IN TAPIN REGENCY OF SOUTH KALIMANTAN | Yusuf Azis, Nuri Dewi Yanti; Athaillah Mursyid | Faculty of Agriculture, University of Lambung Mangkurat | Indonesia |
| MIICEMA UnSri-157 | Survey The influences of establishing Academic centers in women's wealth | Sedighe hasani ahmadie, Rouhollah tavakolizadeh, Rouhollah cheraghpoor | Islamic Azad University - Kahnooj Branch | Iran |

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| Room 5 | | | | |
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| Economics | | | | |
| MIICEMA UnSri- 318 | Determinant of Profit Efficiency of Rice Farmers in Bengkulu | M. Mustopa R, dkk | Sriwijaya University, Indonesia | Indonesia |
| MIICEMA UnSri-336 | Performance and Reconstruction Strategy of Rice Granary in South Sumatera Indonesia | Dessy Adriani, Henny Malini | Sriwijaya University | Indonesia |
| MIICEMA UnSri-328 | Income Disparity in ASEAN 2000-2010 | Sisca Octavia Sentosa, Taufiq Marwa, Azwardi | Sriwijaya University | Indonesia |
| MIICEMA UnSri-330 | Profit efficiency of rainfeed rice farming system in bengkulu: stochastic profit frontier approach | evada dewata, M. Muhammad Mustofa Romdon, Hadi Jauhari | Politeknik Negeri Sriwijaya | Indonesia |
| MIICEMA UnSri-331 | The Role of Human Capital in the Rubber Smallholders Productivity in Kabupaten Banyuasin, South Sumatera | Muhammad Yusuf, Jamalludin Sulaiman | Politeknik Negeri Sriwijaya | Indonesia |

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| Marketing | | | | |
| MIICEMA UnSri-181 | ANALYSIS OF CELLULAR PHONE PURCHASE DECISION: CASE STUDY FOR ESIA CELLULAR PHONE IN GUNADARMA UNIVERSITY | Desi Asrianty, Henny Medyawati | Gunadarma University | Indonesia |
| MIICEMA UnSri-203 | The Influence of Entrepreneurial Orientation and Market Orientation on Small Firm Business Performance (A Study in Food Processing Industry in South Kalimantan) | Marijati Sangen, Meiske Claudia | Lambung Mangkurat University | Indonesia |
| MIICEMA UnSri-95 | Consumers Ethnocentrism Towards Globalization | Dewi Fadila | Politeknik Negeri Sriwijaya | Indonesia |

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| MIICEMA UnSri-111 | Effects of Customer Dissatisfaction in Social Online Networks | Richard Lackes, Erik Frank, Patrick Lübbecke | TU Dortmund | Germany |
| MIICEMA UnSri-307 | The Impact of Brand Personality and Promotional Mix to Brand Equity of MUBA Regent Candidates 2011 | Siska Marleni, Isnurhadi | Ramania College of Economics Sekayu, Indonesia | Indonesia |

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| Human Resource | | | | |
| MIICEMA UnSri-14 | Internet Job Search and Labor Market Outcomes | Hazrul Shahiri | University of Arizona | America |
| MIICEMA UnSri-36 | Participatory Ergonomic: Mechanism to Improve Workers Productivity | Mohd Nasir Selamat | Universiti Kebangsaan Malaysia | Malaysia |
| MIICEMA UnSri-52 | Role Models' Influence on Academic Career Choice | JAKARIA DASAN, MOHD NASIR SELAMAT | Universiti Malaysia Sabah | Malaysia |
| MIICEMA UnSri-306 | People Risk and Human Capital Attributes : An Exploratory Study in Islamic Bank | Aisyah Abd Rahman, Ph.D, dkk | UKM, Malaysia | Malaysia |
| MIICEMA UnSri-117 | PERFORMANCE ANALYSIS OF LECTURERS FACULTY ECONOMIC UNIVERSITY RIAU | jumiati sasmita | Riau University | Indonesia |

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| Accounting | | | | |
| MIICEMA UnSri-4 | Background of the Degree in Public Accounting | José G. Vargas.Hernández | University center for economic and Managerial sciences, University of Guadalajara | Mexico |
| MIICEMA UnSri-3 22 | The Importance of Forensic Auditing to Combat Fraud in Indonesia | Lukluk Fuadah | Unsri, Indonesia | Indonesia |
| MIICEMA UnSri-23 | GOODS AND SERVICES TAX (GST) COMPLIANCE COST AMONG SMALL AND MEDIUM ENTERPRISES | Mohd Rizal Palil,Rosiati Ramli,Ahmad Fariq Mustapha,Nurul Syuhada Abu Hassan | Universiti Kebangsaan Malaysia | Malaysia |
| MIICEMA UnSri-24 | External auditor's reliance on the work of internal audit function, audit committee characteristics and audit report lag in Jordan | Noor Azizi Ismail, Faudziah Hanim Fadzil, Ghassan Saeed Bagulaidah | Univeristi Utara Malaysia | Malaysia |
| MIICEMA UnSri-33 | FIRM LIFE CYCLE AND THE VALUE RELEVANCE ON INTANGIBLE ASSETS: THE CASE OF AUSTRALIAN FIRMS | Hartini Jaafar, Hazianti Abdul Halim | Universiti Pendidikan Sultan Idris | Malaysia |

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| Accounting | | | | |
| MIICEMA UnSri-41 | The Effect of Financial Ratios, Prior Audit Opinion, and Growth on the Auditors' Going Concern Opinion | Erly Sherlita, Elok Tika Puspita | Widyatama University | Indonesia |
| MIICEMA UnSri-42 | The Impacts of Malaysian Code of Corporate Governance on the Quality of Reported Earnings of KLCI Components | Rizwana Md Yusof | UITM Shah Alam | Malaysia |
| MIICEMA UnSri-61 | THE PRACTICE OF EARNINGS MANAGEMENT : SHORT TERM AND LONG TERM DISCRETIONARY ACCRUAL APPROACH MODEL (Empirical Studies in LQ - 45 During The period of 2004-2010) | Wiyadi, Lina Ayu Safitri | Muhammadiyah University of Surakarta | Indonesia |
| MIICEMA UnSri-64 | THE EFFECT OF CORPORATE GOVERNANCE ON INCOME STATEMENT DISCLOSURE COMPLIANCE IN THE STATE OWNED ENTERPRISES | Abdul Kharis | Muhammadiyah University of Surakarta | Indonesia |
| MIICEMA UnSri-344 | Earnings Management, Underinvestment and Value | Mohammad Sabri J | Universiti Kebangsaan Malaysia | Malaysia |

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| Accounting | | | | |
| MIICEMA UnSri-135 | The Influence of The Quality of Board of The Council on Local Finance (APBD) with Good Governance as The Moderating Variables | Rosalina Pebrica Mayasari, Prof. Syamsurijal, Drs. Burhanuddin | Tridinanty University | Indonesia |
| MIICEMA UnSri-138 | Auditor Choice of Indonesian Listed Firms: Do Ownership Concentration and Family Control Matter? | Salim Darmadi | Indonesian Capital Market and Financial Institut | Indonesia |
| MIICEMA UnSri-143 | The Role of professional accounting association in direct companies to regard accounting standards. | Kouhban Tavakolizadeh, Maryam Mazaheri; Mahdi | Islamic Azad University | Iran |

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| MIICEMA UnSri-159 | THE FACTORS THAT EFFECT TO THE DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY IN MANUFACTURING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE | Verawaty, Citra Indah Merina | Bina Darma University | Indonesia |
| MIICEMA UnSri- 204 | WESTERN CULTURAL VALUES AND ITS IMPLICATIONS ON MANAGEMENT PRACTICES | A. M. INUN JARIYA | South Eastern University of Sri Lanka | Sri Lanka |

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| Finance | | | | |
| MIICEMA UnSri-26 | Strength Measurement of Bid & Ask in Individual Stocks: Intra-Day Evidence from UMA in Indonesia | Deddy P. Koesrindartoto, Felisca Oriana Surjoko | Institut Teknologi Bandung | Indonesia |
| MIICEMA UnSri-31 | The Influence of Cash Flow Changing and Profit Accounting to Stock Return in Manufacturing compaies listed on the Indonesia Stock Exchange | Debby Novianti, Mukhtaruddin, Rina Tjandrakirana | Sriwijaya University | Indonesia |
| MIICEMA UnSri-34 | Finding Market Leaders among Institutional Investors: Case of Indonesia Government Bond Market | Isabelle Aranditha Gusdinar, Deddy P. Koesrindartoto | Institut Teknologi Bandung | Indonesia |
| MIICEMA Unsri-35 | LOCALIZATION OF ZAKAT DISTRIBUTION, RELIGIOSITY, QUALITY OF LIFE AND ATTITUDE CHANGE (PERCEPTIONS OF ZAKAT RECIPIENTS IN MALAYSIA) | Hairunnizam Wahid, Radiah Abdul Kader (PdD), Sanep Ahmad (PhD) | National University of Malaysia | Malaysia |
| MIICEMA UnSri-38 | Developing a Customers' Oriented Ar-Rahnu (Islamic Pawn Brokeing) Model for Cooperatives in Micro Financing in Malaysia- Providers' Perspectives | Mohd Rafi Yaacob, Ghazali Ahmad, Mohamed Dahlan Ibrahim | University of Malaysia Kelantan | Malaysia |

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| Finance | | | | |
| MIICEMA UnSri-89 | THE COMPARATIVE OF PREDICTING BANKRUPTCY MODELS IN BANKING WHICH LISTED IN BURSA EFEK INDONESIA (BEI) | Meisita Sari, Tirta Ibat Rainbow; Rini Indriani | Bengkulu University | Indonesia |
| MIICEMA UnSri-90 | MANAGEMENT CONTROL SYSTEM, COOPERATION AND THE PERFORMANCE OF PROFIT AND LOSS SHARING FINANCING | ATAINA HUDAYATI, SOFIAH MD AUZAIR | INDONESIAN ISLAMIC UNIVERSITY | Indonesia |
| MIICEMA UnSri-94 | THE INFLUENCE OF COUPON BOND AND BOND MATURITY TO BOND YIELD IN INDONESIA STOCK EXCHANGE | Richard Andrew, Andi Wijaya | Tarumanagara University | Indonesia |
| MIICEMA UnSri 27 | Corporate Demand For Islamic Insurance (Takaful) In Malaysia | Prof.Mohamad Abdul hamid | UKM | Malaysia |
| MIICEMA UnSri-124 | FACTORS THAT INFLUENCE COMPANY DECISION MADE SHARE REPURCHASE | R. Ryan Wijaya Mulya, Eddy Suranta, Pratana Puspa Midiastuty | Bengkulu University | Indonesia |

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| Finance | | | | |
| MIICEMA UnSri-163 | MARKET TIMING PERFORMANCE MEASURE – DOES THIS MATTER? | RAFIDAH OTHMAN | Graduate School Of Business, Universiti Kebangsaan Malaysia | Malaysia |
| MIICEMA UnSri-170 | SOCIAL CAPITAL AS CORPORATE KNOWLEDGE | Felix Ferryanto Lukman, M.M. | Prasetya Mulya Business School | Indonesia |
| MIICEMA UnSri-174 | The Impact of Legal Origin Toward Shariah Governance | Ince Nopica, Prof. Abdul Ghafar Ismail | Universiti Kebangsaan Malaysia | Malaysia |
| MIICEMA UnSri-175 | Risk Return Tradeoff For Jakarta Islamic Index: Does The Link Exist? | Farra Munna Harun | Universiti Kebangsaan Malaysia | Malaysia |
| MIICEMA UnSri-178 | THE EFFECT OF INVESTMENT OPPORTUNITY SET (IOS) TO EARNINGS MANAGEMENT: REAL ACTIVITIES AND ACCRUAL MANIPULATION | Dewi Kusuma Wardani | Faculty of Economics, Universitas Sarjanawiyata Tamansiswa | Indonesia |

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| Economics | | | | |
| MIICEMA UnSri-335 | Indonesia Discourage Worker Performance in Agriculture-Rural and Industri-Urban Sector | Nurlina Tarmizi, Dessy Adriani | Sriwijaya University | Indonesia |
| MIICEMA UnSri-162 | Emissions, energy and economic growth in an environmental Kuznets curve: Pooled mean group estimations of developed, developing, and least-developed countries | Mohd Adib Ismail, Mawar Murni Yunus | Universiti Kebangsaan Malaysia | Malaysia |
| MIICEMA UnSri-166 | The impact of globalization on the consumption pattern of households with a family case songket producers as a single parent mothers | Lisnini, Purwati, Neneng Miskiyah | Politeknik Negeri Sriwijaya | Indonesia |

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| MIICEMA UnSri-172 | THE PRODUCTION FACTORS PATTERN IN INCREASING PALEMBANG TRADITIONAL FOOD MANAGERS INCOME IN PALEMBANG | Esya Alhadi, Yusleli Herawati, Nirwan Rasyid | Politeknik Negeri Sriwijaya | Indonesia |
| MIICEMA UnSri-193 | Economic Instability and Financial Crises in a Capitalist Financial System: Empirical Evidence from the UK | Dr Ashfaq Ahmad Khan, Mr. Waqar Ahmad | University of New England, Armidale, NSW 2351 | Australia |
| MIICEMA UnSri-202 | FOOD SECURITY AND POVERTY IN RURAL OF SOUTH SUMATERA, INDONESIA | Faharuddin, Prof. Dr. Ir. Andy Mulyana, M.Sc. | Sriwijaya University | Indonesia |

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| Accounting | | | | |
| MIICEMA UnSri-67 | EARNINGS MANAGEMENT PRACTICES ON COMPANIES IN THE SHARIAH INDEX (The comparative studies between STDAM and LTDAM in Indonesian stock exchange during 2004-2010 period) | Noer Sasongko, Happy Purbasari | Muhammadiyah University of Surakarta | Indonesia |
| MIICEMA UnSri-70 | THE UTILIZATION OF INFORMATION TECHNOLOGY, THE USER SATISFATION OF ACCOUNTING INFORMATION SYSTEM AND TASK COMPLEXITY: Study in Banking Industry at Bengkulu city | sriwidharmanely, darman usman; hery aprizal | Universitas Bengkulu | Indonesia |
| MIICEMA UnSri-77 | BASIC MATH AND LANGUAGES SKILL UPON ACCOUNTING STUDENTS ACADEMIC ACHIEVEMENT IN UNIVERSITY BENGKULU | Lisa Martiah Nila Puspita, Muhammad Firmansyah | Bengkulu University | Indonesia |
| MIICEMA UnSri-78 | Corporate Governance Quality, Performance and Firm Value : Evidence from Selected Corporate Governance Perception Index. | Triyono | Universitas Muhammadiyah Surakarta | Indonesia |
| MIICEMA UnSri-87 | THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY TO FIRM VALUE WITH PROFITABILITY AND LEVERAGE AS A MODERATING VARIABLE | Febi Susanti, Fenny Marietza; Rini Indriani | Bengkulu University | Indonesia |

| Room 6 | | | | |
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| Accounting | | | | |
| MIICEMA UnSri-93 | the value relevance of the alternative accounting performance measures: empirical study in Indonesia | Felicia Julita, Nikmah; Sriwidharmanely | Bengkulu University | Indonesia |
| MIICEMA UnSri-101 | Ratio of Bank and Divestment PT Bank Mutiara, Tbk post-taken over by LPS | Mariska Lupikawaty Neneng Miskiyah, Elisa, Fetty Maretha | Politeknik Sriwijaya | Indonesia |
| MIICEMA UnSri-125 | SHARE REPURCHASE DECISION: FREE CASH FLOW HYPOTHESIS OR SIGNALING THEORY | Endah Jati Purwanti, Eddy Suranta, Pratana Puspa Midiastuty | Bengkulu University | Indonesia |
| MIICEMA UnSri-131 | THE INFLUENCE OF ORGANIZATIONAL COMMITMENT, DECENTRALIZATION, ORGANIZATIONAL CULTURE ON THE RELATIONSHIP BETWEEN BUDGETARY PARTICIPATION AND BUDGETARY SLACK | ismacoryanata | Bengkulu University | Indonesia |
| MIICEMA UnSri-134 | ANALYSIS OF SOCIAL RESPONSIBILITY DISCLOSURE IN ISLAMIC BANKS: FULL ISLAMIC BANKING SYSTEM AND DUAL BANKING SYSTEM | Widya Gustifaurina, Inten Meutia ; Emylia Yuniarti; Dewi Rina Komarawati | Sriwijaya University | Indonesia |

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| Room 7 | | | | |
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| Accounting | | | | |
| MIICEMA UnSri-173 | AUDIT COMMITTEE CHARACTERISTICS AND ENTERPRISE RISK MANAGEMENT OF INDONESIA PUBLIC LISTED BANKING COMPANIES | Husaini | Bengkulu University | Indonesia |
| MIICEMA UnSri-177 | EARNINGS MANAGEMENT AND FIRM VALUE WITH INVESTMENT OPPORTUNITY SET (IOS) AS MODERATING VARIABLE: COMPARATIVE STUDY IN INDONESIA AND MALAYSIA | Dewi Kusuma Wardani, Sri Hermuningsih | Faculty of Economics, Universitas Sarjanawiyata Tamansiswa | Indonesia |
| MIICEMA UnSri-180 | Board Structure and Earnings Quality: Malaysian Evidence | Redhwan Ahmed AL-Dhamari and Ku Nor Izah Bt Ku Ismail | uum university, malaysia | Malaysia |
| MIICEMA UnSri-182 | Voluntary disclosure of intangibles in annual reports: An analysis of capital-raising companies in Malaysia | Hazianti Abdul Halim, Hartini Jaafar | Universiti Pendidikan Sultan Idris, 35900 Tanjung Malim, Perak | Malaysia |
| MIICEMA UnSri-185 | AUDIT COMMITTEE AND TIMELINESS OF FINANCIAL REPORTING: Malaysian Public Listed Companies | Sharinah Puasa, Mohd Fairuz Md Salleh and Azlina Ahmad | Universiti Kebangsaan Malaysia | Malaysia |

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| Human Resource | | | | |
| MIICEMA UnSri-303 | Performance Appraisal for Civil Servant in Department of Public Works Cipta Karya of South Sumatera | Dr. Agustina Hanafi, Afriadi Cahyadi, SE, MM | Unsri, Indonesia | Indonesia |
| MIICEMA UnSri-148 | RISK ASSESSMENTAND EFFECTIVE RISK MANAGEMENT: THE MEDIATING ROLE OF ORGANIZATIONAL CULTURE SUPPORT | Irzan Bin Ismail,Nik Mutasim Nik Ab Rahman,Mohama d Abdul Hamid,Fazlil Idris | Universiti Teknologi MARA, Universiti Kebangsaan Malaysia | Malaysia |
| CEMA UnSri-3 | An Evaluating of Business Performance through Supply Chain Management Implementation | Inda Sukati, Abu Bakar Hamid, Rohaizat Baharun | Universiti Teknologi | Malaysia |

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| MIICEMA UnSri-194 | EFFECTIVENESS OF TALENT MANAGEMENT STRATEGIES IN DEVELOPING EMPLOYEE POTENTIAL AND REDUCING TURNOVER INTENTION | FATIMAH PA'WAN, NURITA JUHDI, RAMMILAH HANSARAM, SIM RANPREET KAUR AND NORIZAN MOHD KASSIM | Universiti Teknologi Malaysia | Malaysia |
| MIICEMA UnSri-324 | Awareness and Socialisation of Consumer Rights among UKM Students | Doris Padmini Selvratnam, Tan Kok Jing, Norlaila Abu Bakar, Wook | UKM, Malaysia | Malaysia |
| MIICEMA UnSri-85 | Market Potential Analysis Service of Forerunner Air Transport in Pagar Alam as Feeder Line National Air Transport in South Sumatra Province | Hanifati Intan | Politeknik Negeri Sriwijaya | Indonesia |

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| Marketing | | | | |
| MIICEMA UnSri-88 | TRANSFORMATIVE SERVICE TO IMPROVE WELL-BEING OF SOCIETY (1 MCA MEDICAL FOUNDATION) | Chong Sok Fong | Graduate School of Business, UKM | Malaysia |
| MIICEMA UnSri-108 | E-commerce adoption by Small Medium Enterprises and Firm Performance | Rita Rahayu, John Day | Huddersfield University | England |
| MIICEMA UnSri-110 | The effects of Brand Status on Brand Attitude and Willingness to Pay a Price Premium on Generation Y in Indonesia | Arief Budiman | Lambung Mangkurat University (UNLAM) | Indonesia |
| MIICEMA UnSri- 321 | The Influence of Visual Merchandising on Impulse Buying | Efendi, Martin | Atmajaya Univerity | Indonesia |
| MIICEMA UnSri-320 | Increasing Number of Tourists by Means of Building Tourist Values | Didin Syarifuddin | ARS International Institute of Tourism, Bandung, Indonesia | Indonesia |

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| Marketing | | | | |
| MIICEMA UnSri-141 | The Effect Of Ability Vendor on Consumer Trust in e-commerce (Study Business Retail Online) | Seprianti Eka Putri | university of bengkulu | Indonesia |
| MIICEMA UnSri-22 | How Social Network Media Influences University's Brand Image | Bambang Sukma Wijaya, Dianingtyas M. Putri | Bakrie University | Indonesia |
| MIICEMA UnSri-342 | Analysis of Market Potential Preference of By Product from Traditional Food Product to Enhance Competitiveness in Globalization | Yusleli Herawati, Dewi Fadila, Nirwan Rasyid | Sriwijaya University | |
| MIICEMA UnSri-343 | The Dimension of Bengkulu City's Development Us | Muhartini Salim, A | Bengkulu Universi | Indonesia |

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| Finance | | | | |
| MIICEMA UnSri-128 | ARBITRAGE PRICING THEORY MODEL TESTING ON SHARES IN INDONESIAN BANKING SECTOR | Fida Muthia, Isnurhadi Banaluddin | Sriwijaya University | Indonesia |
| MIICEMA UnSri-133 | THE INFLUENCING OF RISK FACTORS, MANAGEMENT ENTRENCHMENT, AND CORPORATE GOVERNANCE QUALITY ON EQUITY RISK PREMIUM | Saiful,Ph.D | Bengkulu University | Indonesia |
| MIICEMA UnSri-146 | Survey the usual & ethic ways to decrease eBanking fraud | kamal javanmard, Rouhollah tavakolizadeh; Maryam Mazaheri ; Ali Tavakolizadeh | Islamic Azad University, Kahnoot Branch. | Iran |
| MIICEMA UnSri-152 | The Impact of Shari'ah Boards on Islamic Bank Performance | Majdi Anwar Quttainah | College of Business Administration, University of Kuwait | Kuwait |
| MIICEMA UnSri-155 | Unobservable Effects and Firms' Capital Structure Determinants in Malaysia | Matemilola B.T, Bany Ariffin, A.N and Azman-Saini, W.N.W | University Putra Malaysia | Malaysia |

| Room 2 | | | | |
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| Finance | | | | |
| MIICEMA UnSri-308 | An Analysis of Factors Influencing Underpricing in Initial Public Offering at the Indonesian Stock Exchange year 2007-2010 | Ridwan Nurazi, Y Hernitha | UKM, Malaysia | Malaysia |
| MIICEMA UnSri-310 | The Effect of Public Ownership on Financial and Operation Performances and Sustainable Competitive Advantage Based on Accounting Reputation Measure in Indonesia's States Owned Enterprises | Dr. Haryadi, Dr. Tona Aurora Lubis | | Indonesia |
| MIICEMA UnSri-313 | The Opportunity of Sukuk al-intifa'a For Financing Infrastructure Projects in Indonesia | Izzuddin Abd Manaf, Hendro Wibowo | SEBI School of Islamic Economics, Indonesia | Malaysia |

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| MIICEMA UnSri- 316 | Corporate Governance Mechanisms and Privatized Companies Performance in Jordan | Ahnaf Ali Al Smadi | UKM, Malaysia | Malaysia |
| MIICEMA UnSri-326 | Investment, Capital Structure, Dividend Policy, and Firm Performances: Evidence Indonesia Listed Companies | Darmawati Muchtar | UKM, Malaysia | Malaysia |

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| MIICEMA UnSri-40 | Global Financial Crisis, Islamic Stock Markets Integration: A Case Study of Selected Asian Countries | Zahoor Khan, Prof. Dr. Jamalludin Sulaiman | University Sains Malaysia | Malaysia |
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VALUE RELEVANCE OF ALTERNATIVE ACCOUNTING PERFORMANCE MEASURES: EMPIRICAL STUDY IN INDONESIA

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Abstract

Published financial statements are an important source of information needed by the company internally and externally. Investors were external user of accounting information in financial statements to support the investment decision. The quality of financial reports will be higher if there is the value relevance of accounting information. The objective of this study was to test the value relevance of alternative accounting performance measures including total revenue, sub-item of accounting profit (gross profit, operating income, earning before tax, net income), total cash flow and book value of equity to the shares return in the Indonesia Stock Exchange (BEI).

This study was conducted at the manufacturing companies listed on the Stock Exchange in the period of 2006-2010. Sampling technique based on purposive sampling to obtain a sample of 58 companies. Analytical model used is adjusted R-Square to determine the ability of information in explaining the variability of stock returns or explanatory power of accounting information. This study showed that earning before tax had the greatest explanatory power, or was said the most relevant, followed by the net income, operating income, gross profit, total cash flow total revenues. Book value of equity had the smallest explanatory power than other information.

Key words : *Financial Statements, Accounting Information, Value Relevance, Return.*

1. INTRODUCTION

Financial statements are presented as a statement made of information concerning the company's financial position and cash flow statements that are beneficial to the users, especially investors and creditors in making decisions (Budiman, 2010). Financial statements would be expected by the user is able to provide quality information so the financial statements produced can also have good quality. Relevant information is one of the criteria which indicate that information can have high quality and useful. Statement of accounting standards in IAI (2009) paragraph 26, states that in order to be useful, information must be relevant to meet the needs of users in decision-making process. Relevant accounting information is very useful for investors. The

investor will always see the relevance of the accounting information contained in each period of financial statements as a basis for decision making (Linda and Fazli, 2005).

During the development of accounting and the strengthening of the usability of the information in the financial statements, earnings information is often used in decision making. Income information is considered useful in decision making and can give confidence to investors as one of the primary and essential component in informing the company's performance (Linda and Fazli, 2005; Lako, 2006; Susanto and Ekawati, 2006; and Simbolon, 2010). Previous study conducted by Ball and Brown (1968), followed by Beaver (1968), Beaver et al (1979) found that the publication of financial statements in particular earnings numbers had information content. In addition, a number of empirical research in Indonesia was also reported that the stock market reaction to the publication of earnings (Setiawati, 1995; Purba, 1997; Pradhono and Christiawan, 2004; Linda and Fazli, 2005; Daraghma, 2009; Alfathimiy, 2011). Not only income item that has value and relevance of information content, but the subitem of income, such as gross profit, operating profit is also shown to have relevance and value to influence decision making (Febrianto, 2005, and Habib, 2010).

The amount of evidence to show a profit was the relevant information; furthermore several different researchers provided evidence that stated that the earnings had information content and relevance of a low value (Lev, 1989; Lev and Zarowin, 1999). While in Indonesia, also stated that the profits were not able to show the relevance of showing its relationship to stock returns (Linda and Fazli, 2005; Hilal, 2009). This evidence demonstrate that the relevance of such low value that could lead to investor perceptions of earnings was reduced and the likelihood investors would choose to use other information in decision making. Proven to be true that in some countries was generally stated that the low relevance of the low profit caused investors tend to use other information. Like, Chandra and T.Ro (2004) and Habib (2010) considered that the relevance of the low income causing the focus of investors will use the information to another form of accounting earnings information as an alternative accounting performance measures.

In addition to income, other information that was used when the investor profits can not demonstrate its role in decision-making is the information of the book value. Simbolon (2010) also stated that the book value is one important component in the financial statements which are often used as a tool to inform the company's performance than earnings. In fact, in Indonesia based on excerpts from the article presented by a team of BEI (2008) in www.okezone.com stated book value of investments can be used as a guide. The book value is judged to have value and relevance of information content. This is evidenced by several studies such as Linda and Fazli (2005) and Keener (2010) which stated that the book value remained relevant over time and when the company's loss, then the book value of the information relied upon in making decisions.

More information that was sometimes considered equivalent to the value relevance of earnings information was the cash flow information. Cash flow was also considered a major concern of investors and creditors as the company's performance parameters other than earnings (Linda and Fazli, 2005; Febrianto 2005; Hilal 2009). Sometimes cash flow and earnings provided information contrary, the increase in profit can be followed by a decline in cash flow and vice versa. This would be the case where the information that should be used by investors. When the cash flow information was believed to represent the company's more information than earnings, the more investors should use this cash flow.

Based on these studies we can conclude that firm profits were recognized as having explanatory power, the largest to the interests of investors, especially in explaining stock returns. The results of the empirical evidence were strengthened by the existence of a permanent investor confidence in the information reported earnings despite profits negative. Based on this assumption, this study tried to look at the explanatory power of earnings information content when it compared to other information in the form of income, cash flow and book value as an alternative measure of performance.

This research referred to research of Habib (2010) that reviewed the value relevance of alternative accounting performance measures. Habib (2010) considered whether the information can be used as a revenue alternative information to investors in measuring the performance of the company after the earnings information in relation to stock returns. Not much different from the research Habib, this study also proved whether the stock return in profit with explanatory subitemnya also had the greatest power that can be used as the information was still considered the most relevant in the decision-making. Differences of research Habib (2010) was an alternative approach and consideration accounting performance measures data were used. Habib (2010) only used two approaches, namely income and subitem accounting income. While in this study, the approach added information that was considered to have value and can be used as relevant information in an alternative accounting measure of performance than earnings in the form of equity book value of information approach and the approach of cash flow information was referenced from the research of Linda and Fazli (2005).

With fourth approaches, this study considered the seven information as an alternative information in measuring the performance of companies consisting of information such as Total Revenue (income approach), information gross profit, operating profit, profit before tax and net income (Income Accounting Approach subitem) Information Total cash flow (Cash Flow Approach), and shares information per lembar book value (book value approach). The purpose of this study was to determine the size of the performance of accounting information which had the most value relevant in explaining stock returns.

2. Related Literature

2.1 Value Relevance

In the accounting literature, the relevance of accounting numbers defined value if the numbers are statistically significantly associated with market value of equity (Barth et al, 2001). According to Barth et al (2001), a figure said to be relevant accounting, which has a significant relationship with harga-harga/return stock, if the figures reflect the information relevant to investors in assessing firm and measured with sufficient reliably reflected in the prices or returns stock.

During its development, studies of the relevance value is directed to investigate the empirical relationship between stock market values (stock market values) with a variety of accounting numbers, which are intended to assess the usefulness of accounting numbers in equity valuation (Pinasti 2004). Meanwhile, Beaver (1979) and Easton (1999) also stated that the research aims to examine the relevance of the association between the dependent variable based on the price (return) securities with a variable number of accounting.

2.2 The Importance of Financial Statements and Accounting Information

According to SFAC NO. 1 (FASB, 1978), the financial statements are the company's main tool to convey information to the outside accounting firm. Items recognized in financial statements is the representation of an entity's resources or assets, claims on those resources, and influence of the transactions and other events and the events that lead to changes in resource or claims against those resources.

According to Schroeder and Clark (1995), the announcement of financial statements, particularly the balance sheet and profit and loss, highly anticipated by market participants because of the information contained in their financial statements to determine the development of an issuer's financial performance. Consequences of financial reporting for investors is the accounting information presented in financial statements can affect: 1) the distribution of wealth among investors, 2) an acceptable level of risk the company, and 3) the level of capital formation in the economy.

A number of empirical studies that test the market reaction to the publication of financial reports provided evidence that the market responds to the publication of those statements. Empirical evidence suggests that the proficiency level in addition to the publication of financial statements contain information and anticipated by market participants, also has the explanatory power of the behavior of investors in purchasing decisions, holding tau sells a security (Lako, 2006) Attention investors generally view that earnings can reflect the performance companies and have more valuable information than other information. In addition to earnings information, the information also be a concern of investors in addition to earnings information is information of income, equity book value and cash flow. Information is considered to contain information and be the focus of investors in decision making. the importance of information and its third earnings information will be outlined as follows:

2.2.1 Information of Income

The concept of profit in this study is that accounting income consists of gross profit, operating profit, profit before tax and net profit. Gross profit is the excess of net proceeds above the cost of goods sold. Gross profit is often referred to as profit from the sale. Operating profit is the excess of gross profit to operating expenses. Operating costs consist of cost of sales and general and administrative expenses. Net income before tax operating profit is the difference in income / other expenses before taxes. Net income is total income and sales costs have been cut or reduced by taxation. (Kieso, 2001).

Lako (2006) states that the profit is considered to have a strategic role to influence the perception and confidence of investors in analyzing financial statements both in terms of its performance and its effect on firm value. The statements indicate that earnings have a major and important role in its use for decision making. The statement also confirmed by many empirical studies that do documentation of the publication of earnings as accounting information that can provide a response to the stock market.

Other studies to test the performance of earnings come from capital markets based accounting research (mbar). Throughout the years from 1960s to late 1980s, this research has always focused on testing the income information, especially to see the issue of profit relationship with stock returns. Brown (2003) in Lako (2006) mentions several reasons why the focus of research information mbar is the profit information. One reason that is considered most responsible is that the earnings and its components as the main objective of financial statements by the FASB in SFAC No. 1 (1978).

According to the Securities and Exchange Commission rules about the number VIII.G.2 (www.bapepam.go.id) Annual Report indicates that the information in both item and subitem profit of profit itself also plays a role in informing these figures into an annual report. Information return and its components should be reported as comparative information in measuring the performance of the company. This proves that the income information is considered very helpful in evaluating the performance of the company during the specified period.

2.2.2 Information of Revenue

Revenue is the net income of the company's main operating activities (Kieso, 2001). Many terms are used for revenue accounts such as revenue, sales, and gain. In general, the income listed in the financial statements of many termed the revenue. Habib (2010), more use of the term in the revenue accounted for revenue accounts. This is because research Habib (2010) using all types of industry in research so that the term revenue is considered to meet the assumption of the statement of income accounts.

However, for this study is insutri used industrial manufacturing. In terms of manufacturing industry revenue in the financial statements, especially in Indonesia are more inclined to use sales, given the revenue in manufacturing companies is revenue derived from the company's main activity is further referred to as net sales. To adjust the terms of the account in the financial statements in Indonesia, especially for the manufacturing companies in this study uses the term revenues over the term describe the sales in terms of Net Sales.

Revenue is the information contained in the profit centers. Revenue is the first line item in the income statement arising in the process of business activity. Above assumptions can be said that the information likely to have incomes over eksplanatory power compared to other measures (Habib, 2010). Indonesia's income information is sometimes used by investors as a consideration in measuring the value of the company. Www.bapepam.go.id Securities and Exchange Commission rules in its claims against the income information that is considered vital information and a comparison of information from year to year. Income information must be disclosed by the company's Securities and Exchange Commission in the summary financial data in annual report aims to determine the movement of information from year to year in supporting the company's performance measures.

2.2.3 Information of Cash Flow

In addition to income, cash flow is also considered a major concern of investors and creditors as the company's performance parameters other than earnings (Linda and Fazli, 2005). Febrianto (2005) concluded that there are two accounting information in informing the company's performance, which is total accounting profit and cash flow. Although it provides a measure of long-term earnings related to the success or failure of the company, but cash is the lifeblood of a company. Without cash, a company will not survive. It must be realized that even profitable companies can go bankrupt. This indicates that the bankruptcy could occur due to lack of cash availability at the time although the reported positive earnings (Kieso, 2001). Bandi and Gunawan (2000) stated that cash flow statement presents cash flow in and out during a period. This report is explicitly required to be one of the elements of financial statements that came into effect for financial reporting, which began on January 1, 1995 (SAK. 1994). Companies should prepare a cash flow statement in accordance with the requirements in Statement

No. 2 on the GAAP cash flow statement, and should present the report as an integral part (integral) of the financial statements for each period financial statement presentation.

If used in conjunction with other financial statements, cash flow statement can provide information that allows the users to evaluate the changes in net assets, financial structure including liquidity and solvency, the ability to influence the amount and timing of cash flows in order to adapt to changing circumstances and opportunity. Cash flow information allows the pamakai develop models to assess and compare the present value of future cash flows (future cash flow) and a variety of companies. Such information also increases the comparability of reporting the operating performance of firms because it can negate the effect of using different accounting treatments for similar transactions and events.

2.2.4 Information of Book Value

Based on excerpts from the article presented by a team of BEI (2008) in www.okezone.com of information to guide investments, book value is considered as the information is often used as investment guidelines. Fundamental analysis of stocks can be done by studying the book value. Book value is derived from the balance sheet provides information about the net worth of company resources. The book value of a company's worth to be known by stock investors because the investors know the value of this book to find out if the stock price is undervalued market established or overvalued, so that in determining the investment option investor always has the guidelines and will not be swayed by market conditions. This proves that the book sometimes can inform decisions affecting the performance of the company or its investors.

Simbolon (2010) in his study of the relevance value that an important component in the financial statements which are often used as a tool to inform the company's performance is earnings and book value. Book value of shares shows net assets (net assets) owned by the shareholders by owning one share. The investors in general are also many see the book as a measure of performance. When a company incurs a loss, the book value is very useful information in decision making by the investor (Linda and Fazli, 2005).

2.3 Stock Return

Testing the relationship between accounting information to value the shares requires an assessment model. There are two types of assessment models are commonly used to investigate the relationship, which is the model price (price model) and models of return (return a model)) (Pinasti, 2004). Alternative model specifications in the value relevance of accounting literature is as follows:

$$\text{Price Model: } P_{it} = \beta_0 + \beta_1 X_{it} + \epsilon_{it}$$

$$\text{Returns Model: } R_{it} = \beta_0 + \beta_1 X_{it} + \epsilon_{it}$$

R_{it} = Return on stock during the period of t

P_{t-1} = Share price at period $t-1$

P_t = price of shares of period t

β_0 = constant coefficient

β_1 = regression coefficient of independent variables

Xit = accounting data such as total revenue, gross profit, operating income, income before income taxes, net income, total cash flow and book value per share for the company during the period of observation *t*.
Eit = error term

The focus in this research relevance value associated with the connection to the stock return. Stock returns are very sensitive to fundamental factors and expectations of the investor. Return the results obtained from the investment. Each investment both short and long term have a principal purpose for the benefit referred to as either a direct return maupun indirect (Ang, 1997). In simple investing can be defined as an activity to put the funds in one or more of the assets (assets) during a certain period in the hope of obtaining income or increase in value of investments (Husnan, 1998). Return to the realization that a return or return expectations have occurred that have not occurred but is expected to occur in the future. Return realization (realized return) is the return that has been calculated based on historical data and serves as one measure of corporate performance. Return realization is also important as a basis for determining the expected return (Jogiyanto, 2008).

2.4 Research Older and Development Hypothesis

A number of empirical studies in various countries have seen a lot of explanatory power (eksplanatory power) of the income information that is very influential in the decision making process. Investors, creditors, and others have considered that the information is very important and useful earnings to help evaluate the performance of the company. Accounting profit earnings, especially as the information contained in financial statements is obscene corporate performance parameter that gets the major attention of investors (Linda and Fazli, 2005). Ball and Brown (1968) was the first researcher to investigate useful for predicting the return of income. Unexpected earnings in their thinking should be linked to stock price changes to be communicated to market participants. Assumptions contained in their study are that the stock price movement indicates the usefulness of the information. Companies with profit increases (decreases) will also be followed by an increase (decrease) in share prices. The results show that there is a close relationship between changes in earnings information to stock returns.

Beaver (1968) also examined the effect of earnings announcements on trading volume. By using a sample of 143 firms listed companies during 1961-1965, Beaver reported that there was a drastic increase in activity and trading volume of securities in the week return variabilitas earnings announcement. Beaver overall findings support the findings of Ball and Brown (1968) which states that the announcement of accounting earnings have information content. Beaver et al (1979) and then re-examine the research Beaver (1968). This study examined the correlation between large (magnitude) and sign (sign) with a large change in earnings surprises and signs of abnormal returns in the period before the annual earnings announcement. The results show that both positive relationship exists.

In addition, a number of empirical research done by researchers such as Setiawati Indonesia (1995) examined the effect of profit publication of the volume of transactions of ordinary shares of common stock transactions 41 companies listed on the JSE during 1 April 1993-31 March 1994. Reported that the market reaction to the publication of earnings that is reflected from the surge in stock trading volume on

announcement hri. Ancient (1997) examine stock returns around the announcement of financial statements using the 157 common shares have been listed and traded on the JSE from late 1994-mid 1997. Reported that the market reaction to the announcement of earnings caused by the increased visibility of abnormal return and a statistically significant relationship on the day after the announcement of financial statements. The study also found that investors overreact to the decline in corporate profits.

Alfathimiy (2011) re-examine the effect of earnings information and components of stock returns. The results showed that the information return and its components have an influence on market value. Febrianto (2005) in his study that examined rates of gross profit, operating profit and net income by the investor and the strong direaksi concluded that all the earnings figures have a strong relationship to the performance of the stock. The most powerful figured in the form of profit gross was profit rate than the other. Gross profit is more capable of providing a better picture of the relationship of profit and stock prices are a very close relationship with stock returns. Gross profit is more controllable by management due to cost of goods sold account to determine the competitiveness of the market. This is in line with research by Habib (2010) who see the value relevance of accounting earnings multiple accounts subitem of earnings before interest, depreciation, and amortization (EBITDA), earnings before interest and tax (EBIT), earnings before tax (EBT), net profit after tax but before abnormal items (NPATEXABN) and net profit after tax (NPAT) of stock returns. The results prove that all the subitem account earnings have value relevance in explaining stock returns.

However, when certain conditions or a decline in earnings over time, profits can be said to have relevance to a low value or even lose its relevance. As noted by Lev (1989) stated that the profit contribution of accounting information in particular, to explain the variation in stock returns was very small. From the evidence Lako (2006) stated that the low profit contribution is one of them was caused by poor quality or information content of reported earnings. The weak earnings information content proved by Lev and Zarowin (1999) through their study of the earnings relevance in the USA. The results of these studies provide strong evidence that accounting earnings have low value relevance in the USA. The low quality of earnings can lead to the possibility that earnings information is no longer the main focus again in the decision. Investors will tend to use the information in its use as an alternative decision-making. Evidence of the use of alternative information has been mostly done by several empirical studies. Chandra and T.Ro (2004) examined the role of information in corporate earnings. This study tested whether the income has the additional ability to explain stock returns beyond earnings. The results showed that the income information is useful both as a measure of corporate performance and valuation for purposes of delivering information to the market after earnings information.

The study is in line with research Habib (2010) that use income as an alternative information. Income approach is used Habib (2010) as an alternative when a profit can not be showed its relevance in companies in Australia. According to Habib (2010) the income approach is considered to have more power eksplanatory largest or most relevant than earnings despite having significantly higher earnings on stock returns. The results Habib (2010) did not support the assumption of Habib stated income statement is more relevant. The results Habib (2010) proved that the return remains more relevant than earnings despite profits using subitem earnings account. Profit before tax and profit

after tax has the highest R2-adjusted value compared to other information, including income.

Empirical evidence in Indonesia stated that the profit could lose its relevance in certain circumstances. When the company experienced financial difficulties (losing) the book value of equity information can be used as an alternative in assessing the company. Linda and Fazli (2005) looked at the relationship information of accounting earnings, book value, and total cash flow to market value. Simultaneous testing of return models indicate R2 values are not significantly decreased. The accounting profit variables have a positive relationship with stock returns, which means investors believe earnings is more permanent, and as one of the fundamental factors that are relevant. While the response coefficient of book value changes that decreased the negative direction of the book in 1998 and 2002 while in 1999, 2000, and 2001 the direction was positive. For total cash flow in 1999, 2000, 2001, has a positive direction according to predictions. 1998 and 2002 the negative direction does not match the predictions.

Wedari (2006) in her study of the value relevance of dividends, book value and return on market value proves that the book has the greatest value relevance than others. With a sample of 78 companies and the observation period 2000-2004 concluded that the book value is the dominant information to the market value compared with earnings and dividend information. However, research and Sulistyawati Almilia (2007) proved that at any given moment eksplanatory earnings have low power when the company experienced financial difficulties (loss). Information equity book value is considered to have the biggest or the most power eksplanatory relevant than earnings at the time of loss firms. Based on the value of the coefficient of R2, that at the time of non-crisis period and post-crisis value relevance of earnings is greater than the operating cash flow and book value of equity. At the time of crisis relevance gain value is smaller than the operating cash flow and book value of equity. Partial regression analysis results in non-crisis period and post-crisis earnings and operating cash flow significantly to the stock price variable, while the book value of equity was more significant when the current crisis.

Hilal (2009) states that other approaches are often used in determining the value of corporate investors in addition to earnings in the form of cash flow information. Investors use cash flow information is more likely to see the importance of the information. Sometimes cash flow and earnings provide information to the contrary, the increase in profit can be followed by a decline in cash flow and vice versa. this would be the case where the information that should be used by investors. When the cash flow information is believed to represent the company's more information than earnings, the more investors should use this cash flow.

Rahmatia (2010) review the relevance of the value of earnings, operating cash flow and book value of equity to the income shares. The results show that earnings and book value has relevance in explaining the stock returns while operating cash flow does not have relevance in explaining the stock returns. Other hand, continued testing to see which information has the greatest power eksplanatory or most relevant in explaining stock returns. In this case, income was found to be the largest power eksplanatory most relevant or followed the book value of equity, while operating cash flow has the power eksplanatory smallest among the three measures of stock returns. The ability of earnings information proves that the earnings are considered to have the greatest ability to explain, especially in and as the information is relevant in assessing the company.

Many studies have shown that information revenues, profits, cash flow and book value has relevance perihalnya value especially in explaining stock returns. However, from various studies that look at where the information is best able to explain stock returns and investors often use as the information is relevant in assessing the company, profit remains the information that has the greatest power eksplanatory compared to other information. Based on the literature review of previous research, the hypothesis for this study can be formulated as follows:

H1: the size of the performance of fixed income information most relevant information compared to the performance measures of income, cash flow and book value in explaining stock returns.

3. RESEARCH METHODS

3.1 Dependent Variables

In this study the dependent variable is the stock return. Return here is the realization of the return of the difference between the current period's stock price to stock price in the previous period divided by the share price the previous period by the formula:

$$Rit = \frac{(Pit - Pit-1)}{Pit-1}$$

Rit = Rate of return the stock i in period t.

Pit = The closing price of stock i in period t

Pit-1 = Closing price of stock i in the previous period.

3.2. Independent Variables

In this study the independent variables in the form of alternative accounting performance measures that can be seen in the table below:

| |
|------------------|
| Insert Table 3.1 |
|------------------|

3.3 Population and Sample

The populations in this study are all listed manufacturing companies (listed) in Indonesia Stock Exchange (BEI). This is done because the structure is relatively similar keragaman operations, in addition to the portion of manufacturing companies listed on the stock nearly half of listed companies (listing) in the BEI. Samples were selected using the purposive sampling with consideration of (judgment sampling). The criteria were used as follows:

1. The company publishes financial statements with the observation period of 2006 to 2010.
2. The company publishes financial statements are expressed in dollars in annual financial reporting ending period on December 31.
3. Company's financial statements are audited.

Description of the sample in this study can be seen in Table 3.3 below:

| |
|------------------|
| Insert Table 3.2 |
|------------------|

3.4. Method of Data Analysis

Data collected in this study were analyzed with statistical tools as follows:

3.4.1 Statistics Descriptive

Descriptive statistics are used to provide an overview of the research variables, so it can be the benchmark further analysis of the minimum value, maximum value, mean, and standard deviation.

3.4.2 Model Equations

Proxy for the value relevance of performance measures (performance measure) is a regression analysis of each independent variable separately with the dependent variable to calculate the value of adjusted R^2 . The purpose of this second model to determine the ability of performance measures in explaining the variability of stock returns. Independent variables that showed the greatest value later adjusted R^2 can be concluded that the most relevant information than other information.

$$\text{Model equation: } RIT = \beta_0 + \beta_1 (\text{Performance Measure } j) + \text{it } \epsilon_{it}$$

| | |
|-----------------------------------|---|
| Rit | : Return the realization of shares in the period of observation i |
| $\text{Performance Measure } Jit$ | : Total revenue, gross profit, operating income, income before income taxes, net income, total cash flow and book value per share for the company during the period of observation t. |
| B | : Constants |
| ϵ_{it} | : error term |

Assuming that markets are semi strong in Indonesia, and shareholder value can be represented by stock market value, then it can be concluded that an increase in stock prices can be reflected by the increase in stock returns.

4. ANALYSIS OF RESULT

4.1 Descriptive Statistics

Descriptive statistics are part of data analysis provide a preliminary description of each variable used in the study. This study has eight (8) variable, composed of seven (7) the independent variable and one (1) the dependent variable. Independent variables in this study is in the form of total revenue (NS), gross profit (GP), operating profit (OPINC), profit before tax (EBT), net income (NI), total cash flow (TCF), and the book value of shares per lembar (BVPS), while the dependent variable is the stock return (RIT). Descriptive variables in this study can be seen in table 4.4 below:

| |
|-------------------------|
| Insert Table 4.1 |
|-------------------------|

Based on table 4.1 above can be seen that the average value of each variable is smaller than the standard deviation values for each variable. Standard deviations greater than the average value suggests that either a variable rate of independent variables and the dependent variable is the sample firms in this study varied. This variation is evident from the maximum and minimum values of each variable. The maximum value is high indicates the company's ability to generate value from each respective variable. While

the minimum value that reflects the positive and negative values have alleged that the increase / decrease in the independent variable in line / is not in line with the increase / decrease in the dependent variable. Reflected in table 4.1 shows the total income variable (NS) is positive and the stock return variable (RIT) is negative. This implies that an increase / decrease in total revenue is in line with the increase / decrease in stock returns. Unlike the GP variable, OPIN, EBT, NI, TCF, and BVPS are negative indicate that the increase / decrease in these variables increase / decrease in stock returns.

4.2. Correlation Analysis

Insert Table 4.2

Correlation matrix above can be seen that the entire performance measurement is positively correlated with stock returns. NI correlation is highest, followed by the EBT, OPINC, GP, TCF, NS, and BVPS. By conducting further analysis of the regression results, it can be assumed that profits remain the most superior in comparison with other measures in explaining stock returns while using subitem earnings account.

4.3. Model Testing Results

Statistical test for the regression equation model in this study to test the variables indicative of performance measures that are considered most relevant to the pressing is still the most relevant profit measure than others, although profits were tested with subitem income account itself. Results of analysis by comparing the adjusted R^2 of each equation, with the acquisition of the following results:

Insert Table 4.3

From the above regression results reported that all accounting subitem of gross profit, operating profit, profit before tax and net income was stated to have eksplanatory power remains high compared with other measures such as total revenues, total cash flow and book value persaham. The relevance of the value of the size of the EBT have eksplanatory highest power of 14.4%, while the size of the book has the lowest R^2 adj. The magnitude of R^2 adj values of explanatory power to earnings than the total size of the revenue to support the results of research Habib (2010) where it is stated that the revenue account subitem tested the relevance of accounting earnings, accounting earnings yield that has remained more revenue than the largest power eksplanatory although earnings test in test using the subitem earnings account.

In research Habib (2010), sub item accounting income account with the highest value of adj R^2 is profit before tax and profit after tax (in this case net income), while in this study also showed profit before tax also has the highest value of adj R^2 then followed by net income. This indicates that investors believe in full against profit before tax of information presented to inform the company, especially in the company's performance. In addition, the low cash flow compared to the size of the total profit is also in line with research by Linda and Fazli (2005). Hilal (2009) states that the cash flow of data outside of the accounting profit only provide weak support for the investor, this indicates that the data do not have the cash flow of information content when seen its influence on stock returns.

In table 4.3 above are considered the most crucial is the low explanatory power of book value. These results do not support the research of Linda and Fazli (2005), Wedari (2006), and Almilia and Sulistyawati (2007). Conclusions from the results of some studies were not in accordance with the conditions in this study where the book value is more relevant than earnings when the company suffered a loss. It is a thought being given to whether the book can not fully represent the information to inform investors when the company's corporate performance loss. The answer was cannot, this is because although there are some companies that suffered losses does not mean that the quality of low-income declared. In other words, negative or not the profit it can cause the market reacts to earnings figures themselves. The emphasis is important is the book value of information allows investors to use in decision making, when earnings do not show their relevance rather than when earnings are negative. Proven from the results stated that the relevance of high-value stated income, so that when the profit loss profit tetaplebih the relevant information. The high quality of earnings could lead to the possibility that earnings information remains the primary focus of investors in making of decision.

5. CONCLUSIONS AND IMPLICATIONS

This study aims to obtain empirical evidence regarding the value relevance of alternative accounting performance measures. This study uses 58 companies listed on the Indonesia Stock Exchange from 2006 until 2010. Based on the results obtained concluded that the profit before tax had the greatest power eksplanatory. All subitems accounting income had the greatest power eksplanatory than other performance measures, namely the book value, earnings, and cash flow. Ekspalanatory high power of earnings indicated that earnings had a high relevance value of this claim and the investor was still full of information on earnings, especially in decision-making role. These results supported the research of Habib (2010) in which the profit shown by subitem account proved to be more relevant than earnings.

However, these results did not support the research of Linda and Fazli (2005) where book value was more relevant than earnings. Relevance of the low income according to Linda and Fazli (2005) explained that the company was losing money at that time. However, in this study provided evidence that different, that although the company suffered a loss. Earnings were still showing strength in explaining stock returns, or had a relevance value. Evidence of income was also more relevant; it showed that the market was still full of reacting or responding to information permanently good profit return was positive or negative. The results showed that the gross profit with a negative coefficient significant effected on stock return, while the total revenue, operating earnings, and book value of stocks with positive coefficients significantly influenced stock returns. Total net income and cash flow showed no significant effect. It could be taken into consideration for investors to see which information will be used in decision making. Suggestions for Further Research that were: a. taking a sample of firms that are not restricted to manufacturing firms only. A company listed on the Indonesia Stock Exchange can be considered in testing the value relevance of accounting information for the entire testing companies allow others to give conclusions about the most relevant information; b. Extend the observation period of study to acquire Shares Return calculations are more accurate so that employees are better explained on the Stock Return; c. Relevance of the measurement should also see its effect on stock prices, so that more extensive research so that it can detect the power of

accounting information in explaining stock prices and stock returns. Because stock prices and stock returns are the two assessment models commonly used in studies of the value relevance of accounting data. According to Kothari and Zimmerman (1995) in the Linda and Fazli (2005) use valuation models stock returns and stock prices are useful in detecting relevant information; d. The relevance of the measurement values in this study using only six variables information. Further research should use other information variables such as cash flow component that can be researched on the study of relevance. Increase in accounting information which is used as a variable in this study in order to sharpen the explanatory power of other information and view other information variability ability in explaining the value relevance of accounting studies; e. Relevance of the measurement should also be measured by considering the characteristic of the company. To increase the accuracy and power users sometimes get the relevant information of the elements characteristic of visits to different companies. As consideration of the life cycle of a company, firm size, and other considerations can be used for further research in the show which is more relevant information.

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Table 3.1 Measurement of Independent Variables

| No . | Approach to Information | Alternative Accounting Performance Measures | Measurement | Basedd of Measurement |
|------|-------------------------|---|--|---|
| 1. | Revenues | Net Income (NS) | Net sales of the company's main operating activities | Measure is based on research Habib (2010) |
| 2. | Profit | Gross Profit (GP) | Net Income minus cost of goods sold | Based on research Habib (2010) |
| | | Operating Income (OPINC) | Gross Profit reduced operating expenses | Based on research Habib (2010) |
| | | Earning Before Tax (EBT) | Operating income or net income plus other expenses | Based on research Habib (2010) |
| | | Net Income (NI) | Income before taxes minus Income Tax | Based on research Habib (2010) |
| 3. | Cash Flow | Total Cash Flow (TCF) | Net cash end of the accounting period | Based on research Linda & Fazli (2005) |
| 4. | Book Value | Book Value Per Share (BVPS) | Total Equity / Total Shares Outstanding | Based on research Linda & Fazli (2005) |

Table 3.2 Sample Of Study

| | | |
|--|-------------------|--------|
| Population | 201 Company | |
| Number of Observations | 1005 observations | 100 % |
| - Companies that have delisted (2006-2010) | 265 observations | 26,36% |
| - Data not available (eg, financial statements or incomplete information to the variable does not exist) | 400 observations | 39,80% |
| - Companies that do not consistently use the Rupiah | 25 observations | 2,5% |
| - The financial statements are not ended December 31 | 25 observations | 2,5% |
| Observations used in this study | 290 observations | 28,84% |
| Sample of research company | 58 Company | |

Table 4.1 Descriptive Statistics

| VARIABEL | Minimum | Maksimum | Mean | Deviasi Standar |
|----------|-----------------------|----------------------------|----------------------------|---------------------------------|
| RITNS | -.93651508 6674763 | 26.33333333 63811493669 | .5256121390 4578599365. | 1.90931885950 8322918912.312 |

| | | | | |
|--------------|--------------|-------------|-------------------|----------------|
| GP | -799933880 | 11474295604 | 27 825802742.5 | 1617637260.051 |
| OPINC | -1490190735 | 5499130769 | 7 284059783.6 | 692622027.616 |
| EBT | -2006531399 | 6064823810 | 3 230738051.6 | 698617134.712 |
| NI | -1505066440 | 4311095238 | 4 147490540.5 | 487734977.972 |
| TCF | -34084685 | 4917395604 | 4 341041829.4 | 707221720.549 |
| BVPS | -36.26789407 | 40.66037847 | 6 1.598178373 | 5.90205810742 |
| | | | 5 | |

Table 4.2 Correlation analysis

| | RIT | NS | GP | OPINC | EBT | NI | TCF | BVPS |
|-------|--------|--------|--------|--------|--------|--------|------|------|
| RIT | 1 | | | | | | | |
| NS | .478** | 1 | | | | | | |
| GP | .234** | .750** | 1 | | | | | |
| OPINC | .318** | .668** | .862** | 1 | | | | |
| EBT | .275** | .557** | .755** | .881** | 1 | | | |
| NI | .273** | .498** | .683** | .810** | .965** | 1 | | |
| TCF | .227** | .689** | .849** | .781** | .704** | .619** | 1 | |
| BVPS | .392** | .238** | .084 | .130* | .110 | .113 | .177 | 1 |

Table 4.3 Measurement results Adj R²

| Model | Variable | CONSTANT | COEFFICIENT | PROBABILITIES | Adj R ² |
|----------|--------------|----------|-------------|---------------|--------------------|
| I | NS | 1.82E+08 | 0.020406 | 0.0001 | 0.047212 |
| | GP | 1.70E+08 | 0.128114 | 0.0000 | 0.071997 |
| | OPINC | 1.62E+08 | 0.401004 | 0.0000 | 0.132080 |
| | EBT | 1.80E+08 | 0.414267 | 0.0000 | 0.143710 |
| | NI | 1.91E+08 | 0.572515 | 0.0000 | 0.133540 |
| | TCF | 1.82E+08 | 0.275247 | 0.0000 | 0.06311 |
| | BVPS | 2.18E+08 | 0.049765 | 0.0740 | 0.007606 |